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Strengthening Strategic Collaboration in New Energy Vehicle Industry: Daimler and BAIC signed a framework agreement

- **Signing ceremony in context of Premier Li's visit to Germany**
- **Framework agreement between Daimler and BAIC to further strengthen strategic collaboration in the NEV field in China**
- **As one part of the agreement Daimler intends to become minority shareholder of BAIC subsidiary Beijing Electric Vehicle Co., Ltd. (BJEV)**
- **Hubertus Troska: "The framework agreement signed today marks a new chapter of our cooperation in terms of New Energy Vehicles. China today is already the world's largest market for NEVs, and Daimler is committed to contributing to the further development of electric mobility in this country."**
- **Xu Heyi: "As outstanding representatives of the Chinese and German automotive industries, BAIC and Daimler have for years worked hand in hand with remarkable success. Today's agreement is an important step by both sides towards the future of New Energy Vehicles."**

Berlin – In the presence of German Chancellor Dr. Angela Merkel and Chinese Premier Li Keqiang, Daimler AG and its Chinese partner BAIC Group today signed a framework agreement on further strengthening their strategic collaboration through investments for New Energy Vehicles in China.

Hubertus Troska, Member of the Board of Management of Daimler AG, responsible for Greater China, and Xu Heyi, Chairman of the BAIC Group attended the signing ceremony held in Berlin. The framework agreement will center on two significant investments. As one part of this investment agreement, Daimler intends to acquire a minority share in Beijing Electric Vehicle Co., Ltd. (BJEV), a subsidiary of the BAIC Group, with the purpose of strengthening strategic collaboration with BAIC in the NEV sector.

As another part of the framework agreement, investment will also be placed in the upgrade of the current production facilities at their joint venture Beijing Benz Automotive Co., Ltd. (BBAC), paving the way for the introduction of New Energy Vehicle production.

“Localization is the key to Daimler’s sustainable growth and future success here in China. We have been intensifying local research and development, as well as local production, to highlight the preferences of our Chinese customers. They have made this the largest market worldwide for Mercedes-Benz, and this is especially thanks to the strength of our Sino-German cooperation with local partners,” said Hubertus Troska. “This year marks the 12th year of our close partnership with BAIC, and we have deepened our Sino-German collaboration by continuously expanding into new business areas. The framework agreement signed today marks a new chapter of our cooperation in terms of New Energy Vehicles. China today is already the world’s largest market for NEVs, and Daimler is committed to contributing to the further development of electric mobility in this country.”

Chairman Xu Heyi said: “As outstanding representatives of the Chinese and German automotive industries, BAIC and Daimler have for years worked hand in hand with remarkable success. Today’s agreement is an important step by both sides towards the future of New Energy Vehicles. As the forerunner in developing New Energy Vehicles in China, BAIC’s sales of pure electric vehicles have lead the domestic industry. Daimler too has rich experience in New Energy Vehicles, having over the years accumulated advanced technical expertise. Going forward, the two sides will make use of these respective advantages in New Energy Vehicle technology and market operations to achieve win-win, mutually beneficial collaboration, as we both strive to become a benchmark of strategic cooperation between ‘Made in China 2025’ and Germany’s ‘Industry 4.0’.”

About Beijing Benz Automotive Co., Ltd.

Beijing Benz Automotive Co., Ltd. (BBAC), a joint venture between Daimler and BAIC Motor, was established in 2005. In terms of land size, BBAC is the largest Mercedes-Benz passenger car production hub worldwide for Daimler, producing the C-Class, E-Class, GLA and GLC, as well as Mercedes-Benz 4- and 6-cylinder engines. In 2016, BBAC achieved considerable success, with locally produced models accounting for over two-thirds of Mercedes-Benz’s total sales in China. In November 2016, BBAC’s total local production output passed the 1,000,000-unit mark, and was furthermore recognized by the “Factory of the Year” jury in the “Excellent Large Series Assembly” category. As the primary local production base for Mercedes-Benz vehicles in China, BBAC plays a key role in Daimler’s overall global development strategy and production network.

Beijing Electric Vehicle Co., Ltd. (BJEV) was established in 2009 by the BAIC Group and other shareholders as a development platform for New Energy Vehicles. As one of China's leading pure electric vehicle manufacturers, BJEV's primary business scope covers research and development, production, and sales and services for New Energy Vehicles and core NEV components. To date, the company's product portfolio covers five major series of electric vehicles, the EC, EH, EU, EV and EX series, which are comprised of over ten electric vehicle passenger car models.

This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "can," "could," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk and Opportunity Report" in the current Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

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